



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

FEB 14 2007

Mark Guerrero, Esq.
Jacks Law Firm
1201 Rio Grande Street
Austin, TX 78701

RE: MUR 5811
Doggett for U.S. Congress and
James Cousar, in his official
capacity as Treasurer

Dear Mr. Guerrero:

On February 12, 2007, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 432(c)(5), 434(b)(4)(h)(v), and 434(b)(6)(A), provisions of the Federal Election Campaign Act of 1971, as amended, and 11 C.F.R. § 104.3(b). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Mark D. Shonkwiler
Assistant General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Doggett for U.S. Congress and James
Cousar, in his official capacity as
Treasurer

MUR 5811

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COMMISSION
OFFICE OF GENERAL
COUNSEL
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CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Doggett for U.S. Congress and James Cousar, in his official capacity as Treasurer ("Respondents") violated 2 U.S.C. §§ 432(c)(5), 434(b)(4)(H)(v), 434(b)(6)(A) of the Federal Election Campaign Act of 1971, as amended ("the Act") and 11 C.F.R. §104.3(b) by not timely reporting unauthorized disbursements that had been embezzled.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows.

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

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1. Doggett for U.S. Congress ("the Committee") is a political committee within the meaning of 2 U.S.C. § 431(4) and is the principal campaign committee for Lloyd Doggett, a member of the House of Representatives from Texas' 25th Congressional District. James Cousar is the treasurer for the Committee.

2. The Act requires a committee treasurer to keep an account of the name, address, date, amount and purpose of all disbursements made by the committee and to keep copies of receipts, invoices or cancelled checks for each disbursement in excess of \$200. 2 U.S.C. § 432(c)(5).

3. The Act also requires authorized committees to report the name and address of each person who receives a disbursement in an aggregate amount or value in excess of \$200 within an election cycle as well as the date and amount of the disbursement. An authorized committee is also required to report the total amount of all disbursements made by the committee. 2 U.S.C. §§ 434(b)(4)(H)(v) and (6)(A); 11 C.F.R. §104.3(b). The Act requires all political committees to file complete and accurate reports with the Commission. 2 U.S.C. § 434; 11 C.F.R. § 104.

4. Kristi Willis worked on the Committee's staff from 1998 through 2004. Although Willis never served as the Committee's treasurer, she volunteered to be the campaign bookkeeper and was responsible for recording all checks that came in to the Committee or were paid out by the Committee. Willis managed the accounts and informed the Committee treasurer of the account balances. The Committee contends that the internal controls it employed included but were not limited to the following: check signing authority was never granted to Willis and was normally limited to the candidate and one other person; all bank accounts were in the name of the Committee; all expenditures were made from a single checking account; the mailing

address for all bank accounts was a committee address; and no signature stamps were used for Committee checks. The Committee contends that because of these internal controls and because Willis was thought to be a trustworthy individual in whom fiduciary responsibilities could be entrusted by the Committee and other committees, no one at the Committee consistently double-checked her accounting.

5. Willis began writing Committee checks payable to herself or to her personal credit card account beginning in January 1999. Between January 1999 and March 2004, Willis wrote unauthorized checks totaling approximately \$168,402 from the Committee's account, and used the funds for her own personal use. Willis hid her unauthorized disbursements from the Committee by destroying the cancelled checks and failing to record an entry in the checkbook ledger for disbursements she made to herself and her personal credit card account. Willis also embezzled funds from a candidate for the Texas State House of Representatives, and from the Capital Area Democratic Women's organization, in which she held the office of Treasurer.

6. The Committee did not properly segregate responsibilities for managing receipts and disbursements, require multiple signatures to authorize a disbursement, and did not conduct regular audits of its finances. The Committee did not discover that Willis misappropriated committee funds or that it was filing inaccurate disclosure reports for five years.

7. The Committee discovered Willis' embezzlement in January 2006 and conducted an internal review that determined that Willis misappropriated approximately \$168,402 from the Committee. The Committee voluntarily notified the Commission about the unauthorized disbursements to Willis and voluntarily filed amended reports with the Commission in February 2006. The Committee indicated that no one from the Committee suspected any wrongdoing by Willis.

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8. Due to Willis' undiscovered and unauthorized disbursements, the Committee filed inaccurate reports with the Commission for activity occurring between January 1999 and March 2004. These reports failed to accurately disclose the \$168,402 in unauthorized disbursements to Willis.

9. Following discovery of the embezzlement and inaccurate reporting, the Committee timely informed the appropriate law enforcement authorities and the Commission and voluntarily filed amended reports. Furthermore, Willis has been sentenced to jail for her actions and is in the process of repaying to the Committee the money she embezzled. The Committee has implemented new financial controls, including additional safeguards on the use of campaign checks. On October 16, 2006, the Commission proposed guidance documents to outline the minimum suggested internal controls for committees.

V. Respondents violated 2 U.S.C. §§ 434(b)(4)(H)(v), 434(b)(6)(A) and 11 C.F.R. § 104.3(b) by failing to timely report unauthorized disbursements embezzled by Kristi Willis totaling approximately \$168,402 before the embezzlement was discovered.

VI. Respondents will take the following actions:

1. Respondents will pay a civil penalty to the Federal Election Commission in the amount of \$6,500 pursuant to 2 U.S.C. § 437g(a)(5)(A). In considering the appropriate civil penalty in this matter, the Commission has found mitigating circumstances, including that Kristi Willis misappropriated Committee funds, that the Committee notified the Commission of the unauthorized disbursements to Willis and thereafter amended its reports, and that the Committee has implemented new financial controls to prevent such future occurrences.

2. Respondents will cease and desist from violating 2 U.S.C. §§ 434(b)(4)(H)(v), 434(b)(6)(A) and 11 C.F.R. §104.3(b)

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VII. The Commission, on request of anyone filing a complaint under 2 U.S.C.

§ 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

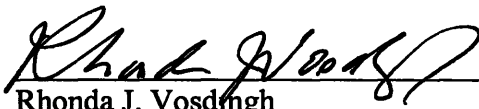
VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

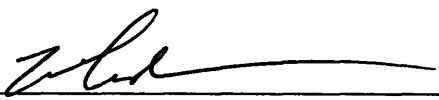
FOR THE COMMISSION:

Lawrence H. Norton
General Counsel

BY: 
Rhonda J. Vosdigh
Associate General Counsel
for Enforcement

2/13/07
Date

FOR THE RESPONDENTS:

BY: 
Jacks Law Firm
Tommy Jacks/Mark Guerrero
Counsel for Respondents

1/5/2007
Date

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